



Australian Bureau of Statistics

6305.0.55.001 - Employee Earnings and Hours, Australia, Preliminary, August 2008

Latest ISSUE Released at 11:30 AM (CANBERRA TIME) 07/04/2009

Summary

Summary of findings

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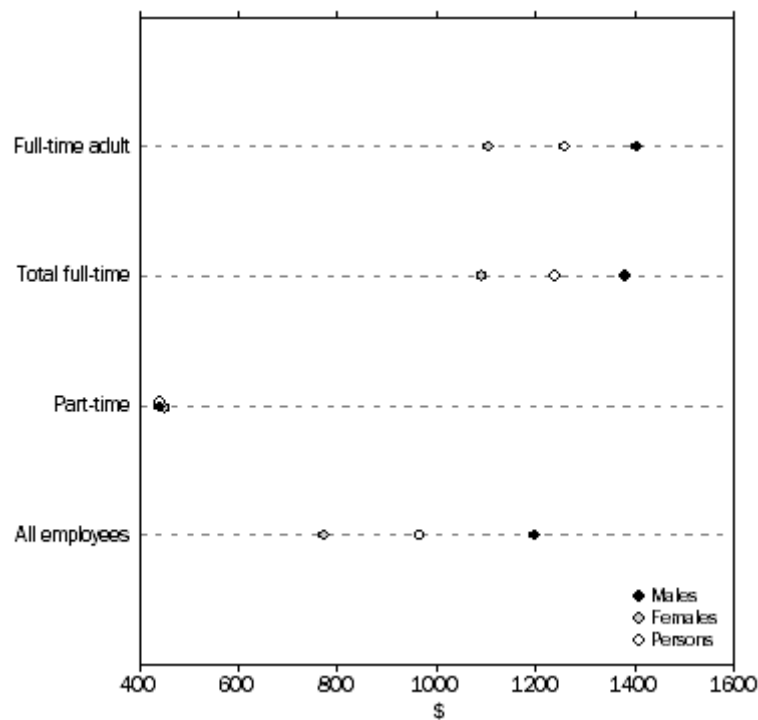
This publication contains preliminary statistics on the composition and distribution of employee earnings, as well as information on how employees' pay is set - by award or pay scale only, collective agreement or individual arrangement. The statistics are based on the Survey of Employee Earnings and Hours conducted in respect of August 2008.

Final estimates will be published in **Employee Earnings and Hours, Australia, August 2008** (cat. no. 6306.0).

AVERAGE WEEKLY TOTAL CASH EARNINGS

- Average weekly total cash earnings was \$964.80 for all employees, \$1153.90 for male employees and \$768.10 for female employees.
- Average weekly total cash earnings was \$1258.60 for full-time adult employees, \$1239.30 for all full-time employees and \$440.40 for all part-time employees.
- Average weekly total cash earnings for employees in the public sector was \$1139.40 compared with \$923.20 in the private sector.
- Average weekly total cash earnings for all employees was highest in the **Mining** industry (\$2038.30) and lowest in the **Accommodation and food services** industry (\$451.60).

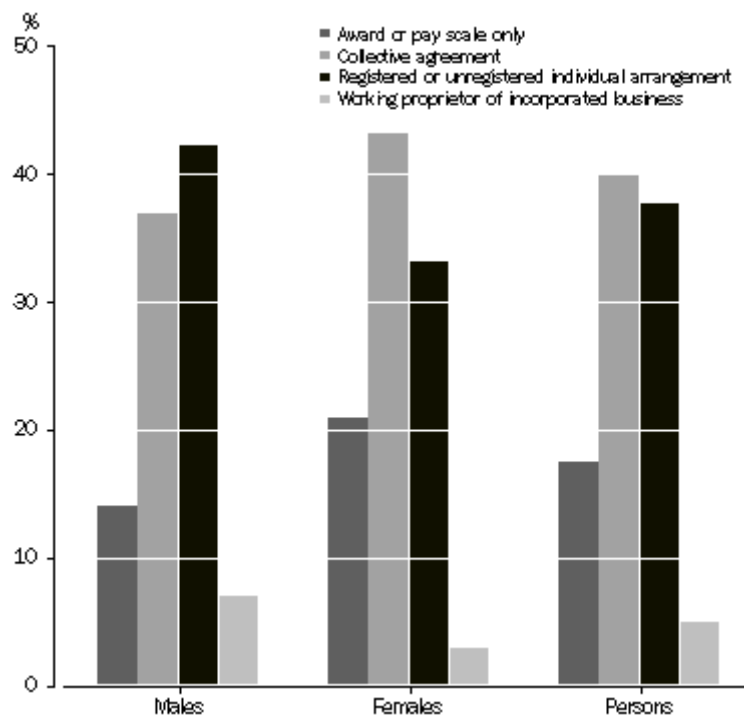
Average Weekly Total Cash Earnings, August 2008



METHODS OF SETTING PAY

- In August 2008, the most common methods of setting pay for all employees was collective agreements (39.9%) and registered or unregistered individual arrangements (37.7%). Males were more likely to have their pay set by a registered or unregistered individual arrangement (42.1%) and females by a collective agreement (43.1%).
- The **Accommodation and food services** industry had the highest proportion of employees whose pay was set by award or pay scale only (52.3%), the **Public administration and safety** industry had the highest proportion of employees whose pay was set by collective agreement (87.7%), and the **Wholesale trade** industry had the highest proportion of employees whose pay was set by a registered or unregistered individual arrangement (75.0%).

Methods of setting pay, August 2008



Main Features

NOTES

ABOUT THIS PUBLICATION

This publication contains preliminary estimates obtained from a sample survey of employers conducted in respect of August 2008.

The survey is designed to provide statistics on the composition and distribution of employee earnings and hours paid for and how their pay is set. Final estimates will be published in **Employee Earnings and Hours, Australia, August 2008** (cat. no. 6306.0), expected to be released in June 2009.

RELATED ISSUE

Employee Earnings and Hours, Australia, August 2008 (cat. no. 6306.0)

ISSUE EXPECTED RELEASE DATE

August 2008 June 2009

CHANGES IN THIS ISSUE

Industry data presented in this publication are based on the **Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006**, and differ from previous survey data which were based on the **Australian and New Zealand Standard Industrial Classification**

(ANZSIC) 1993. For further information, see paragraphs 18 to 20 of the Explanatory Notes.

NOTES ON ESTIMATES

Care should be taken when comparing estimates of average weekly earnings in this publication with those published quarterly in **Average Weekly Earnings, Australia** (cat. no. 6302.0) because of differences in the earnings concept being measured, methodological differences between the two surveys and differences in the two samples used. For more information see paragraph 25 of the Explanatory Notes.

The estimates contained in this publication are preliminary and may differ from the final data to be released in **Employee Earnings and Hours, Australia, August 2008** (cat. no. 6306.0).

SAMPLING ERROR

For information on sampling error refer to the Technical Note.

INQUIRIES

For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070 or Zaneta Georgievski on Perth (08) 9360 5305.

Tables

1. WEEKLY TOTAL CASH EARNINGS, Distribution of all employees

	FULL-TIME EMPLOYEES Adult	FULL-TIME EMPLOYEES Total	PART-TIME EMPLOYEES Total	ALL EMPLOYEES Total
PROPORTION OF EMPLOYEES (%)				
Weekly total cash earnings (\$)				
Under 200	0.3	0.3	25.4	8.9
200 and under 300	0.3	0.5	13.9	5.1
300 and under 400	0.4	0.9	12.5	4.9
400 and under 500	1.0	1.6	12.8	5.5
500 and under 600	3.3	3.8	10.9	6.2
600 and under 700	7.3	7.4	8.0	7.6
700 and under 800	10.4	10.2	5.6	8.6
800 and under 900	10.4	10.3	3.4	7.9
900 and under 1000	9.5	9.3	2.1	6.8
1000 and under 1100	8.3	8.1	1.5	5.8
1100 and under 1200	7.3	7.1	1.0	5.0
1200 and under 1300	6.5	6.3	0.7	4.4
1300 and under 1400	6.3	6.2	0.5	4.2
1400 and under 1500	5.2	5.1	0.3	3.5
1500 and under 1600	3.8	3.7	0.3	2.5
1600 and under 1700	3.3	3.2	0.2	2.2
1700 and under 1800	2.4	2.3	*0.1	1.6
1800 and under 1900	1.9	1.9	*0.1	1.3

WEEKLY TOTAL CASH EARNINGS \$(a)				
Deciles and quartiles				
10th percentile	671.00	645.00	90.00	224.00
20th percentile	770.00	756.00	155.00	417.00
25th percentile (1st quartile)	818.00	800.00	195.00	507.00
30th percentile	866.00	850.00	234.00	589.00
40th percentile	963.00	954.00	303.00	722.00
50th percentile (median) (2nd quartile)	1 082.00	1 066.00	382.00	839.00
60th percentile	1 222.00	1 205.00	460.00	971.00
70th percentile	1 380.00	1 368.00	545.00	1 153.00
75th percentile (3rd quartile)	1 467.00	1 450.00	593.00	1 254.00
80th percentile	1 592.00	1 576.00	651.00	1 377.00
90th percentile	2 008.00	1 996.00	820.00	1 746.00
Average weekly total cash earnings	1 258.60	1 239.30	440.40	964.80

(a) Percentiles are based on whole dollars only.

	FULL-TIME EMPLOYEES Adult \$	FULL-TIME EMPLOYEES Total \$	PART-TIME EMPLOYEES Total \$	ALL EMPLOYEES Total \$
MALES				
Private sector	1 336.10	1 309.40	392.30	1 119.70
Public sector	1 467.40	1 466.30	631.40	1 338.60
All sectors	1 358.30	1 335.20	421.00	1 153.90
FEMALES				
Private sector	1 037.10	1 020.00	409.60	698.70
Public sector	1 238.40	1 237.80	624.10	999.30
All sectors	1 094.60	1 080.90	448.50	768.10
PERSONS				
Private sector	1 233.40	1 210.00	404.30	923.20
Public sector	1 351.40	1 350.60	625.60	1 139.40
All sectors	1 258.60	1 239.30	440.40	964.80

	Award or pay scale only	Collective agreement (a)	INDIVIDUAL ARRANGEMENT		Total	All methods of setting pay
			Registered or unregistered	Working proprietor of incorporated business		
PROPORTION OF EMPLOYEES (%)						

Males						
Full-time employees	9.7	36.2	46.0	8.1	54.1	100.0
Part-time employees	32.1	39.0	26.1	2.7	28.9	100.0
All employees	14.1	36.8	42.1	7.0	49.1	100.0
Females						
Full-time employees	11.8	42.9	41.7	3.6	45.3	100.0
Part-time employees	30.2	43.4	24.3	2.2	26.4	100.0
All employees	20.9	43.1	33.1	2.9	36.0	100.0
Persons						
Full-time employees	10.5	38.7	44.4	6.4	50.8	100.0
Part-time employees	30.8	42.1	24.8	2.3	27.1	100.0
All employees	17.4	39.9	37.7	5.0	42.7	100.0

AVERAGE WEEKLY TOTAL CASH EARNINGS (\$)

Males						
Full-time employees	754.20	1 387.80	1 422.90	1 296.80	1 404.00	1 335.20
Part-time employees	338.90	448.80	470.50	516.30	474.90	421.00
All employees	556.90	1 190.20	1 305.50	1 236.40	1 295.60	1 153.90
Females						
Full-time employees	754.30	1 154.80	1 104.40	997.60	1 095.90	1 080.90
Part-time employees	342.70	503.70	478.20	487.00	479.00	448.50
All employees	460.10	830.90	877.40	807.80	871.80	768.10
Persons						
Full-time employees	754.20	1 290.50	1 309.90	1 233.60	1 300.30	1 239.30
Part-time employees	341.50	488.70	475.80	497.10	477.70	440.40
All employees	504.20	999.90	1 121.20	1 115.40	1 120.50	964.80

(a) Includes registered and unregistered collective agreements.

4. METHODS OF SETTING PAY, All employees—Type of employee

		INDIVIDUAL ARRANGEMENT				Total	All methods of setting pay
		Award or pay scale only	Collective agreement(a)	Registered or unregistered	Working or proprietor of incorporated business		
PROPORTION OF EMPLOYEES (%)							
Males							
	Permanent or fixed term employees	9.5	37.7	44.4	8.4	52.8	100.0
	Casual employees	37.8	32.2	29.9	—	29.9	100.0
	All employees	14.1	36.8	42.1	7.0	49.1	100.0
Females							
	Permanent or fixed term employees	13.2	46.8	36.2	3.8	40.0	100.0
	Casual employees	44.4	32.0	23.6	—	23.6	100.0
	All employees	20.9	43.1	33.1	2.9	36.0	100.0
Persons							
	Permanent or fixed term employees	11.2	41.9	40.6	6.3	46.9	100.0
	Casual employees	41.7	32.1	26.2	—	26.2	100.0
	All employees	17.4	39.9	37.7	5.0	42.7	100.0

AVERAGE WEEKLY TOTAL CASH EARNINGS (\$)

Males						
Permanent or fixed term employees	672.80	1 304.60	1 382.20	1 236.40	1 359.00	1 273.20
Casual employees	429.80	502.80	719.90	—	719.90	540.10
All employees	566.90	1 190.20	1 305.50	1 236.40	1 295.60	1 153.90

Females							
Permanent or fixed term employees	598.00	937.90	980.90	807.80	964.30	903.70	
Casual employees	335.60	354.00	394.40	—	394.40	355.40	
All employees	460.10	830.90	877.40	807.80	871.80	768.10	
Persons							
Permanent or fixed term employees	632.00	1 114.80	1 216.40	1 115.40	1 202.80	1 101.90	
Casual employees	370.30	414.80	545.60	—	545.60	430.50	
All employees	504.20	999.90	1 121.20	1 115.40	1 120.50	964.80	

— nil or rounded to zero (including null cells)

(a) Includes registered and unregistered collective agreements.

5. METHODS OF SETTING PAY, All Employees—Industry

	Award or pay scale only	Collective agreement(a)	INDIVIDUAL ARRANGEMENT		Total	All methods of setting pay
			Registered or unregistered	Working proprietor of incorporated business		
PROPORTION OF EMPLOYEES (%)						
Mining	*1.2	28.6	68.3	1.8	70.1	100.0
Manufacturing	12.8	29.9	53.7	3.6	57.3	100.0
Electricity, gas, water and waste services	*5.3	66.1	27.3	1.2	28.6	100.0
Construction	9.0	26.9	47.9	16.2	64.1	100.0
Wholesale trade	9.2	10.6	75.0	5.2	80.2	100.0
Retail trade	29.2	36.4	30.6	3.8	34.4	100.0
Accommodation and food services	52.3	19.4	26.1	2.1	28.2	100.0
Transport, postal and warehousing	10.8	48.8	33.4	6.9	40.3	100.0
Information media and telecommunications	6.0	33.3	56.6	4.1	60.7	100.0
Financial and insurance services	*2.1	41.6	50.4	6.0	56.3	100.0
Rental, hiring and real estate services	20.2	*11.8	57.1	10.9	68.0	100.0
Professional, scientific and technical services	5.7	9.1	70.2	14.9	85.2	100.0
Administrative and support services	36.1	16.1	45.4	2.5	47.8	100.0
Public administration and safety	**4.0	87.7	8.0	*0.3	8.3	100.0
Education and training	9.9	79.6	9.8	*0.7	10.5	100.0
Health care and social assistance	19.2	63.1	15.6	2.1	17.7	100.0
Arts and recreation services	16.6	40.1	39.3	4.1	43.4	100.0
Other services	25.3	9.1	56.5	9.1	65.5	100.0
All industries	17.4	39.9	37.7	5.0	42.7	100.0

AVERAGE WEEKLY TOTAL CASH EARNINGS (\$)

Mining	927.30	2 059.40	2 064.70	1 479.20	2 049.40	2 038.30
Manufacturing	582.10	1 175.30	1 152.00	1 058.70	1 146.10	1 082.90

Electricity, gas, water and waste services	851.40	1 331.30	1 635.50	920.80	1 604.60	1 383.90
Construction	617.60	1 545.70	1 165.00	975.30	1 117.00	1 187.00
Wholesale trade	580.20	1 085.60	1 054.90	919.60	1 046.00	1 007.60
Retail trade	423.00	400.20	882.20	882.00	882.10	572.90
Accommodation and food services	377.30	355.80	645.20	782.70	655.40	451.60
Transport, postal and warehousing	843.10	1 244.80	1 106.00	839.00	1 060.20	1 126.80
Information media and telecommunications	688.10	1 060.00	1 337.40	1 163.00	1 325.70	1 197.70
Financial and insurance services	487.90	1 134.40	1 567.50	1 342.10	1 543.60	1 351.50
Rental, hiring and real estate services	503.70	939.10	1 096.10	983.60	1 078.10	945.70
Professional, scientific and technical services	536.20	1 200.10	1 342.50	1 267.30	1 329.30	1 272.00
Administrative and support services	486.50	746.30	1 005.00	958.40	1 002.60	775.20
Public administration and safety	613.70	1 144.90	1 463.70	*1 862.20	1 477.50	1 151.10
Education and training	622.40	1 014.30	999.70	806.30	986.70	972.70
Health care and social assistance	620.40	973.80	878.40	2 545.20	1 075.40	923.80
Arts and recreation services	388.50	660.90	771.40	834.50	777.40	666.40
Other services	490.70	905.20	796.20	929.60	814.70	740.80
All industries	504.20	999.90	1 121.20	1 115.40	1 120.50	964.80

* estimate has a relative standard error of 25% to 50% and should be used with caution.

** estimate has a relative standard error greater than 50% and is considered too unreliable for general use.

(a) Includes registered and unregistered collective agreements.

Explanatory Notes

Explanatory Notes

EXPLANATORY NOTES

INTRODUCTION

1 This publication contains preliminary estimates from the 2008 Survey of Employee Earnings and Hours. The survey was conducted in respect of August 2008 and collected information from a sample of employers about the earnings, hours paid for, and selected characteristics of their employees.

2 The survey is designed to provide detailed statistics on the composition and distribution of earnings and hours paid for, of employees. Information is collected about the characteristics of employers, such as industry and sector, and their employees, such as occupation, type of

employee, and method of setting pay. This information is used to provide comprehensive statistics about earnings and hours paid for, for various groups of employees, for example, classified by industry, occupation and pay setting method.

3 Final estimates will be published in **Employee Earnings and Hours, Australia, August 2008** (cat. no. 6306.0), expected to be released in June 2009.

CONCEPTS, SOURCES AND METHODS

4 Descriptions of the underlying concepts of employee earnings, hours paid for and methods of setting pay, and the sources and methods used in compiling these estimates, are presented in **Labour Statistics: Concepts, Sources and Methods** (cat. no. 6102.0.55.001) which is available on the ABS web site <<https://www.abs.gov.au>>.

5 Estimates of employee earnings produced from the Survey of Employee Earnings and Hours and presented in this publication are based on the Australian conceptual framework for measures of employee remuneration. From 2006, the measure of employee earnings for estimates produced from the survey is regular wages and salaries in cash (including amounts salary sacrificed), that is, cash earnings.

SCOPE AND COVERAGE

6 The survey covered all employing organisations in Australia (public and private sectors) except:

- enterprises primarily engaged in agriculture, forestry and fishing
- private households employing staff
- foreign embassies, consulates, etc.

7 The employees of employers covered in the survey are in scope if they received pay for the reference period, except:

- members of the Australian permanent defence forces
- employees based outside Australia
- employees on workers' compensation who are not paid through the payroll.

SURVEY METHODOLOGY AND DESIGN

8 The Survey of Employee Earnings and Hours uses a two-stage sample selection approach. The first stage involves selecting a probability sample of employer units from the ABS Business Register. The statistical unit for the first stage comprises all activities of an employer in a particular state or territory based on the Australian Business Number (ABN) unit or Type of Activity Unit (TAU) (see paragraphs 12-16). Each statistical unit is classified to an industry which reflects the predominant activity of the business. The statistical units are stratified by state/territory, sector (private/public), industry, and employment size. For the public sector, level of government (i.e. Commonwealth government, State/Local government) is also used as a stratification variable. Within each stratum statistical units are selected with equal probability. A sample of approximately 10,000 employer (selection) units was selected to ensure adequate industry and state/territory representation.

9 In the second stage the selected employers are asked to select a random sample of employees from their payrolls using instructions provided by the ABS. Data for approximately 57,000 employees contributed to the results in this publication.

STATISTICAL UNITS DEFINED ON THE ABS BUSINESS REGISTER

10 The ABS uses an economic statistics units model on the ABS Business Register to describe the characteristics of businesses (and other organisations, including government departments), and the structural relationships between related businesses. The units model is also used to group related businesses into relatively homogeneous components that can provide data to the ABS.

11 In mid 2002, to better use the information available as a result of The New Tax System, the ABS changed its economic statistics units model. The new units model allocates businesses to one of two sub-populations. The vast majority of businesses are in what is called the ATO Maintained Population, while the remaining businesses are in the ABS Maintained Population. Together, these two sub-populations make up the ABS Business Register population.

ATO MAINTAINED POPULATION

12 Most businesses and organisations in Australia need to obtain an Australian Business Number (ABN), and are then included on the ATO Australian Business Register. Most of these businesses have simple structures, in which case the unit registered for an ABN will satisfy ABS statistical requirements. For these businesses, the ABS has aligned its statistical units structure with the ABN unit. The businesses with simple structures constitute the ATO Maintained Population, and the ABN unit is used for these businesses as the statistical unit for all economic collections.

ABS MAINTAINED POPULATION

13 For the population of businesses where the ABN unit is not suitable for ABS statistical requirements, the ABS maintains its own units structure through direct contact with the business. These businesses constitute the ABS Maintained Population. This population consists typically of large, complex and diverse businesses. The new statistical units model described below is used for these businesses.

14 Enterprise Group: This is a unit covering all the operations in Australia of one or more legal entities under common ownership and/or control. It covers all the operations in Australia of legal entities which are related in terms of the current Corporations Law (as amended by the **Corporations Legislation Amendment Act 1991**), including legal entities such as companies, trusts, and partnerships. Majority ownership is not required for control to be exercised.

15 Enterprise: The enterprise is an institutional unit comprising (i) a single legal entity or business entity, or (ii) more than one legal entity or business entity within the same Enterprise Group and in the same institutional sub-sector (i.e. they are all classified to a single Standard Institutional Sector Classification of Australia (SISCA) sub-sector).

16 Type of Activity Unit (TAU): The TAU comprises one or more business entities, sub-entities or branches of a business entity within an Enterprise Group that can report production and employment data for similar economic activities. When a minimum set of

data items is available, a TAU is created which covers all the operations within an industry sub-division (and the TAU is classified to the relevant sub-division of ANZSIC). Where a business cannot supply adequate data for each industry, a TAU is formed which contains activity in more than one industry sub-division.

17 For more information on the impacts of the introduction of the new economic statistics units model, refer to **Information Paper: Improvements in ABS Economic Statistics [Arising from The New Tax System]** (cat. no. 1372.0).

INDUSTRY CLASSIFICATION

18 Each statistical unit is classified to an industry which reflects the primary activity of the organisation in the state or territory. The industry classification used in this publication differs from previous publications. Data in previous publications of this series issue since 1994 are classified according to the **Australian and New Zealand Standard Industrial Classification (ANZSIC) 1993**. This classification has since been replaced by the **Australian and New Zealand Standard Industrial Classification (ANZSIC), 2006** (cat. no. 1292.0). The 2006 edition of ANZSIC was developed to provide a more contemporary industrial classification system taking into account issues such as changes in the structure and composition of the economy, changing user demands and compatibility with major international classification standards.

19 Broad level industry data from the 2008 Survey of Employee Earnings and Hours will be made available on an ANZSIC 1993 basis, as an aid to analysis, following the release of final survey estimates (scheduled for June 2009).

20 Employees selected in the Survey of Employee Earnings and Hours are classified to the industry of the organisation in which they are employed.

METHODS OF SETTING PAY

21 Data on how employees' pay was set in the survey reference period have been collected in the survey since May 2000. Since May 2000, data have also been collected on whether agreements (individual or collective) were certified, approved or registered with an industrial tribunal or authority.

22 From May 2002, each survey cycle has collected data on whether the **main** part of employees' pay was set by individual agreement, collective agreement or award. The May 2000 survey collected data on whether **all** or **any** part of employees' pay was set by an individual agreement, collective agreement, award, or a combination of these. It is considered unlikely that the change between 2000 and 2002 will affect comparability of estimates across time.

EMPLOYEE ESTIMATES

23 Estimates of the number of employees based on the EEH survey will be provided in the final publication to assist in interpreting tables that contain proportions of employees for earnings ranges and methods of setting pay. Other estimates of employees, classified by selected characteristics, may be available on request to assist users in interpreting other estimates from the survey. Although the EEH survey can provide estimates of the number of employees, it is not designed specifically for this purpose (the ABS Labour Force Survey is the primary source for official ABS statistics of employment). Therefore, care should be

taken in the interpretation and use of such estimates.

COMPARABILITY OF RESULTS

24 From May 2006, estimates of employee earnings from the Survey of Employee Earnings and Hours have been produced on a cash basis, that is, inclusive of amounts salary sacrificed. This differs from estimates provided in previous publications of this series, which excluded amounts salary sacrificed by employees. Estimates from the May 2004 and May 2002 surveys have also been reproduced on the new conceptual basis, and broad level estimates for these years were included in the electronic data release accompanying the May 2006 publication.

25 Care should be taken when comparing estimates of average weekly earnings from this survey with those published quarterly in **Average Weekly Earnings, Australia** (cat. no. 6302.0). Estimates of average weekly earnings in that publication continue to be compiled on the previous conceptual basis (i.e. exclusive of amounts salary sacrificed). Additionally, the two collections use different sample design and survey methodologies. The Survey of Average Weekly Earnings collects information relating to the total gross earnings and the total number of employees of employer units selected in the survey. The average weekly earnings measures are derived by dividing total gross earnings by the number of employees. The Survey of Employee Earnings and Hours collects information about weekly earnings of a sample of employees within the employer units selected. However, the size of the employer sample for the Survey of Employee Earnings and Hours is larger than that for the Survey of Average Weekly Earnings.

RELIABILITY OF ESTIMATES

26 Estimates are subject to sampling and non-sampling errors. For information on the reliability of estimates see the Technical Note.

RELATED PUBLICATIONS

27 Users may also wish to refer to the following publications:

- **Australian Labour Market Statistics** (cat. no. 6105.0) - issued quarterly
- **Average Weekly Earnings, Australia** (cat. no. 6302.0) - issued quarterly
- **Employee Earnings, Benefits and Trade Union Membership, Australia** (cat. no. 6310.0) - issued annually
- **Employee Earnings and Hours, Australia** (cat. no. 6306.0) - issued biennially
- **Information Paper: Changes to ABS Measures of Employee Remuneration** (cat. no. 6313.0) - issued 14 Nov 2006
- **Labour Force, Australia** (cat. no. 6202.0) - issued monthly
- **Labour Price Index, Australia** (cat. no. 6345.0) - issued quarterly.
- **Labour Statistics: Concepts, Sources and Methods 2001** (cat. no. 6102.0.55.001)
- **Employment and Earnings, Public Sector, Australia** (cat. no. 6248.0.55.001) - issued annually

ROUNDING

28 Estimates of earnings shown in the tables are rounded to the nearest 10 cents.

29 Estimates of proportions of employees for earnings ranges and methods of setting pay are rounded to one-tenth of a percentage point.

30 Where figures have been rounded, discrepancies may occur between sums of the component items and totals.

Glossary

GLOSSARY

Adult employees

Employees who are 21 years of age or over, and employees under 21 who are paid at the full adult rate for their occupation.

Average (mean) earnings

The amount obtained by dividing the total earnings of a group (e.g. full-time employees) by the number of employees in that group.

Award or pay scale only

Awards are legally enforceable determinations made by federal or state industrial tribunals that set the terms of employment (pay and/or conditions) usually in a particular industry or occupation. From March 2006, pay rates for employees in the federal jurisdiction who were previously paid by an award are now contained within the Australian Pay and Classification Scales (Pay Scales). Pay rates for employees in one of the state jurisdictions who are paid by an award continue to be contained within the award.

An award or pay scale may be the sole mechanism used to set the pay and/or conditions for an employee or group of employees, or alternatively may be used in conjunction with an individual or collective agreement. Employees are classified to the Award or pay scale only category if they are paid at the rate of pay specified in the award or the pay scale, and are not paid more than that rate of pay.

Cash earnings

Remuneration paid to employees on a regular and frequent basis (quarterly or more frequently) for time worked or work done and for time not worked, such as recreation and other types of paid leave. Cash earnings (inclusive of amounts salary sacrificed) are gross amounts, that is, before tax and other items (e.g. superannuation) are deducted.

Casual employees

Casual employees usually receive a higher rate of pay, to compensate for lack of permanency and leave entitlements.

Collective agreement

An agreement between an employer (or group of employers) and a group of employees (or

one or more unions or employee associations representing the employees). A collective agreement sets the terms of employment (pay and/or conditions) for a group of employees, and is usually registered with a Federal or State industrial tribunal or authority.

Employees are classified to the Collective agreement category if they had the main part of their pay set by a registered or unregistered collective agreement or enterprise award.

Employees

Persons who work for a private or public employer, and received pay for the reference period in the form of wages or salaries, a commission while also receiving a retainer, tips, piece rates or payment in kind. Persons who operate their own incorporated business with or without hiring employees are also included as employees.

Full-time employees

Employees who normally work the agreed or award hours for a full-time employee in their occupation. If agreed or award hours do not apply, employees are regarded as full-time if they usually work 35 hours or more per week.

Individual arrangement

An arrangement between an employer and an individual employee on the terms of employment (pay and/or conditions) for the employee. Common types of individual arrangements are individual contracts, letters of offer and common law contracts. An individual contract (or letter of offer) may specify all terms of employment, or alternatively may reference an award for some conditions and/or in the setting of pay (e.g. overaward payments). Individual contracts may also be registered with a Federal or State industrial tribunal or authority (e.g. as an Australian Workplace Agreement). Working proprietors of incorporated businesses are regarded as having their pay set by individual arrangements, and are identified separately within the individual arrangement category.

Employees are classified to the Individual arrangement category if they have the main part of their pay set by an individual contract, registered individual agreement (e.g. Australian Workplace Agreement), common law contract, or if they receive overaward payments by individual agreement.

Industry

Classified according to the **Australian and New Zealand Standard Industrial Classification (ANZSIC), 2006** (cat. no. 1292.0).

Jurisdiction

The workplace relations jurisdiction (i.e. Federal or State) that the employee is deemed to be under for pay-setting purposes. Employees in the federal jurisdiction comprise:

- employees of constitutional corporations
- employees in Victoria, Australian Capital Territory, Northern Territory and Christmas and Cocos Islands
- employees of the Commonwealth, including its authorities
- waterside, maritime and flight crew employees.

The state jurisdictions comprise all other employees.

Median earnings

The amount of earnings which divides employees into two groups containing equal numbers of employees, one half with earnings below the median and the other half with earnings above the median.

Method of setting pay

How the main part of an employee's pay is set. Employees are classified to one of the following categories: Award or pay scale only; Collective agreement; or Individual arrangement. Working proprietors of incorporated businesses are separately identified within the individual arrangement category.

Ordinary time cash earnings

Payment for award, standard or agreed hours of work, including allowances, penalty payments, payments by measured result and regular bonuses and commissions. Ordinary time cash earnings are inclusive of amounts salary sacrificed. Excluded are non-cash components of salary packages, overtime payments, retrospective pay, pay in advance, leave loadings, severance pay, and termination and redundancy payments.

Overtime earnings

Payment for hours worked in excess of award, standard or agreed hours of work.

Part-time employees

Employees who normally work less than the agreed or award hours for a full-time employee in their occupation. If agreed or award hours do not apply, employees are regarded as part-time if they usually work less than 35 hours per week.

Percentile

Any of a hundred divisions of an earnings or hours distribution. For example:

- 25% of employees earn less than or equal to the 25th percentile
- 75% of employees earn less than or equal to the 75th percentile.

Permanent or fixed term employees

Permanent employees are usually employed on an ongoing basis and are entitled to paid annual and sick leave. Fixed term employees are employed for a specific period of employment, and may be entitled to paid leave.

Reference period

The survey refers to the last pay period ending on or before 15 August 2008. All estimates of earnings in this publication are weekly, therefore, for employees paid other than weekly, estimates of earnings have been converted to a weekly basis.

Salary sacrifice

An arrangement under which an employee agrees contractually to forgo part of the

remuneration, which the employee would otherwise receive as wages and salaries, in return for the employer or someone associated with the employer providing benefits of a similar value (Australian Tax Office).

Sector

Public sector comprises local government authorities and all government departments and agencies created by, or reporting to, the Commonwealth, or state/territory Parliaments. The private sector comprises all organisations not classified as public sector.

Weekly total cash earnings

Weekly total cash earnings of employees is equal to weekly ordinary time cash earnings plus weekly overtime earnings.

Working proprietor of an incorporated business

A working proprietor of an incorporated business is considered to be an employee of their own business. As working proprietors of incorporated businesses differ from other employees in having the power to determine their own pay and working hours (subject to the earnings of the business and other factors), they are separately identified within the individual arrangement category.

Abbreviations

ABBREVIATIONS

The following symbols and abbreviations are used in this publication:

ABS	Australian Bureau of Statistics
ANZSCO	Australian and New Zealand Standard Classification of Occupations
ANZSIC	Australian and New Zealand Standard Industrial Classification
EEH	Survey of Employee Earnings and Hours

Quality Declaration

QUALITY DECLARATION - SUMMARY

INSTITUTIONAL ENVIRONMENT

For information on the institutional environment of the Australian Bureau of Statistics (ABS), including the legislative obligations of the ABS, financing and governance arrangements, and mechanisms for scrutiny of ABS operations, please see ABS Institutional Environment.

RELEVANCE

The Survey of Employee Earnings and Hours (EEH) produces statistics on the composition and distribution of earnings and hours paid for, of employees. Information is collected about the characteristics of employers, such as industry and sector, and their employees, such as occupation, type of employee, and method of setting pay. This information is used to provide comprehensive statistics about earnings and hours paid for, for various groups of employees, for example, classified by industry, occupation and pay setting method. Results from the survey are used by Commonwealth and State government agencies, employer associations and trade unions in developing and reviewing wages and labour market policies, and in the wage negotiating process. The survey is a key data source for the Australian Fair Pay Commission, and data are also used by academics and other analysts in studies of earnings distributions.

Estimates are available by state/territory, industry, sector, occupation, sex, adult/junior, managerial status, employee type, employer size, full-time/part-time status and methods of setting pay.

TIMELINESS

The reference period for the 2008 Survey of Employee Earnings and Hours is the last pay period ending on or before 15 August 2008.

Preliminary survey estimates are released approximately seven months after the reference period, and final estimates are released approximately nine months after the reference period.

ACCURACY

Information for the EEH survey is collected via mail questionnaires from a sample of approximately 10,000 private and public sector employers selected from the ABS Business Register. The employer sample is stratified by state, sector, industry division and employment size to ensure adequate state, sector and industry representation. These employers select a sample of employees from their payroll(s) using instructions provided by the ABS. Approximately 57,000 employees are sampled. A minimum response rate of 91% is achieved for the survey as a whole and for each state and industry.

There are two principal sources of error in surveys, sampling error and non-sampling error. Non-sampling error arises from inaccuracies in collecting, recording and processing the data. Every effort is made to minimise non-sampling error by the careful design and testing of questionnaires, detailed checking of the reported data and quality control of processing.

Sampling error occurs when a sample or subset of the population is surveyed rather than the entire population. One measure of the likely difference resulting from not including all of the population in the survey is given by the standard error. There are about two chances in three that a sample estimate will differ by less than one standard error from the figure that would have been obtained if the whole population had been included in the survey.

COHERENCE

The EEH survey has been conducted, either annually or biennially, since 1975. The survey has been biennial since 1996. Ordinarily, the survey is conducted in respect of the last pay

period ended on or before the third Friday in May of the reference year. The 2008 EEH survey, however, was conducted in respect of the last pay period ended on or before the third Friday in August, that is, 15 August 2008.

Estimates of employee earnings produced from the EEH survey are based on the Australian conceptual framework for measures of employee remuneration. From 2006, the measure of employee earnings for estimates produced from the survey is regular wages and salaries in cash (including amounts salary sacrificed), that is, cash earnings. Prior to 2006, estimates of employee earnings excluded amounts salary sacrificed by employees. Estimates from the 2002 and 2004 surveys have also been reproduced on the new conceptual basis as an aid to analysis, and broad level estimates for these years were included in the electronic data release accompanying the May 2006 publication.

Data on how employees' pay was set in the reference period have been collected in the survey since 2000. The 2000 survey collected data on whether **all** or **any** part of employees' pay was set by an individual agreement, collective agreement, award, or a combination of these. From 2002, each survey cycle has collected information on whether the **main** part of employees' pay was set by an individual agreement, collective agreement or award. It is considered unlikely that the change between 2000 and 2002 will affect comparability of estimates across time.

The EEH Survey uses Australian standard classifications to facilitate data comparability across statistical series. Industry data for August 2008 onwards are classified according to the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 (cat. no. 1292.0). Data for earlier series are classified to the 1993 edition of ANZSIC. From May 2006 onwards, data on employee occupation are classified according to the Australian and New Zealand Standard Classification of Occupations (ANZSCO). Data for earlier series, issued since 1996, are classified to the Australian Standard Classification of Occupations (ASCO), Second Edition.

The ABS conducts a number of sample surveys of businesses which collect information about employee earnings, or other measures of employee remuneration, including the Survey of Average Weekly Earnings, Survey of Employment and Earnings and Labour Price Index. Care should be taken when comparing estimates of average weekly earnings compiled from the EEH survey with those published quarterly in Average Weekly Earnings, Australia (cat. no. 6302.0) because of differences in the earnings concepts being measured, methodological differences between the surveys and differences in the two samples used.

INTERPRETABILITY

Employee, Earnings and Hours, Preliminary, Australia, August 2008 (cat. no. 6305.0.55.001) contains Explanatory Notes, a Glossary and a Technical Note which can provide further information about data sources, terminology and other technical aspects of the series.

ACCESSIBILITY

Employee, Earnings and Hours, Preliminary, Australia, August 2008 (cat. no. 6305.0.55.001) is available from the ABS website.

If the information you require is not available as a standard product or service, then ABS Consultancy Services can help you with customised services to suit your needs. Inquiries should be made to the National Information Referral Service on 1300 135 070.

Data Quality (Technical Note)

TECHNICAL NOTE DATA QUALITY

RELIABILITY OF ESTIMATES

1 As the estimates in this publication are based on information relating to a sample of employers and employees, rather than a full enumeration, they are subject to sampling variability, that is, they may differ from the figures that would have been produced if the data had been obtained from all employers and all employees. The difference, called sampling error, should not be confused with inaccuracy that may occur because of imperfections in reporting by respondents or in processing by the ABS. Such inaccuracy is referred to as non-sampling error and may occur in any enumeration whether it be a full count or a sample. Efforts have been made to reduce non-sampling error by careful design of questionnaires, detailed checking of returns and quality control of processing.

2 The sampling error associated with any estimate can be estimated from the sample results. One measure of sampling error is given by the standard error, which indicates the degree to which an estimate may vary from the value that would have been obtained from a full enumeration (the 'true value'). There are about two chances in three that a sample estimate differs from the true value by less than one standard error, and about nineteen chances in twenty that the difference will be less than two standard errors.

3 An example of the use of a standard error is as follows. From table 2, the estimated average weekly total cash earnings for all male employees in Australia is \$1153.90, with a standard error of \$12.00 (from the table below). Then there would be about two chances in three that a full enumeration would have given an estimate in the range \$1141.90 to \$1165.90 and about nineteen chances in twenty that it would be in the range \$1129.90 to \$1177.90.

4 The difference between two survey estimates is also an estimate and it is therefore subject to sampling variability. The standard error on the difference between two survey estimates in the one time period (i.e. x-y) can be calculated using the following formula:

$$SE(x-y) = \sqrt{[SE(x)]^2 + [SE(y)]^2}$$

5 The formula above will overestimate the standard error where there is a positive correlation between two estimates (e.g. male and female school teachers). While this formula will only be accurate where there is no correlation between two estimates (e.g. estimates from different states), it is expected to provide a reasonable approximation of the standard error for the difference between two survey estimates.

6 From table 2, the estimated average weekly total cash earnings for all female employees in Australia is \$768.10, with a standard error of \$8.60 (from the table below). The difference between the earnings of male and female employees is \$385.80. The estimate of the standard error of the difference between the average weekly total earnings for male and female employees in Australia is:

$$SE(\$1153.90 - \$768.10) = \sqrt{(\$12.00)^2 + (\$8.60)^2} = \$14.80$$

7 There are about two chances in three that the true figure for the difference between male and female average weekly earnings lies in the range \$371.00 to \$400.60, and about nineteen chances in twenty that the figure is in the range \$356.20 to \$415.40.

8 The formula above can be used to estimate the standard error on a difference between estimated averages in two different years. (The movement standard error will be approximately 1.4 times the standard error on the level estimate, if the standard errors on the two level estimates are similar.)

9 Another measure of the sampling error is the relative standard error, which is obtained by expressing the standard error as a percentage of the estimate. Both the standard error and relative standard error are used to measure the reliability of estimates.

10 Relative standard errors can be calculated using the actual standard error and the survey estimate using the formula below:

$$RSE(\text{estimate}) = [SE(\text{estimate}) / (\text{estimate})] * 100$$

11 For example, from table 2, the average weekly total cash earnings for all male employees in Australia is \$1153.90, and for all female employees it is \$768.10. The table below shows an estimate for the standard error on the male estimate is \$12.00, and an estimate of the standard error on the female estimate is \$8.60.

12 Applying the above formula the relative standard errors for the average weekly total earnings for all male employees and all female employees can be worked out as follows:

All male employees

$$RSE(1153.90) = [12.00 / 1153.90] * 100$$

All female employees

$$RSE(768.10) = [8.60 / 768.10] * 100$$

13 An asterisk appears against an estimate in this publication where the sampling variability is considered high. For the tables in this publication, estimates with relative standard errors between 25% and 50% have been labelled with a single asterisk; estimates with a relative standard error greater than 50% have been labelled with a double asterisk.

14 Standard errors can be used to construct confidence intervals around the estimated proportions. There are about two chances in three that the 'true' value is within the interval that ranges from the sample estimate minus one standard error (estimate - 1xSE) to the sample estimate plus one standard error (estimate + 1xSE). There are approximately 19 chances in 20 that the 'true' value lies within the interval from the estimate minus two standard errors (estimate - 2xSE) to the estimate plus two standard errors (estimate + 2xSE).

15 The above rule gives a symmetric confidence interval that is reasonably accurate when the estimated proportion is not too near 0.00 or 1.00. Where the estimated proportion is close to 0.00 or 1.00 it would be more accurate to use a confidence interval that was not symmetric around the sample estimate. If an estimate is close to 1.00, then the upper boundary of the confidence interval should be closer to the sample estimate than suggested above, while the lower boundary should be further from the sample estimate. Similarly, if an estimate is close to 0.00, then the lower boundary of the confidence interval should be closer to the sample estimate than suggested above, while the upper boundary should be further from the sample estimate. In particular, the symmetric confidence interval could

include values that are not between 0.00 and 1.00. In such a case a good rule of thumb is to use a confidence interval of the same size as the symmetric one, but with the lower (or upper) boundary set to 0.00 (or 1.00).

16 The table below contains estimates of standard errors from which confidence intervals may be constructed.

STANDARD ERRORS. Average Weekly Total Cash Earnings, All employees—Sector

	FULL-TIME EMPLOYEES Adult \$	FULL-TIME EMPLOYEES Total \$	PART-TIME EMPLOYEES Total \$	ALL EMPLOYEES Total \$
MALES				
Private sector	12.90	13.10	9.40	13.30
Public sector	21.00	21.00	54.50	25.20
All sectors	11.30	11.50	10.40	12.00
FEMALES				
Private sector	9.10	9.00	6.10	8.50
Public sector	10.80	10.80	13.40	16.40
All sectors	8.00	8.10	6.10	8.60
PERSONS				
Private sector	9.80	9.80	5.50	9.70
Public sector	12.90	12.90	18.70	18.50
All sectors	8.30	8.30	5.80	8.80

STANDARD ERRORS. Methods of Setting Pay, All Employees—Industry

	Award or pay scale only	Collective agreement(a)	INDIVIDUAL ARRANGEMENT		Total	All methods of setting pay
			Registered or unregistered	Working proprietor of incorporated business		
PROPORTION OF EMPLOYEES (%)						
Mining	0.5	2.9	2.9	0.3	2.9	—
Manufacturing	1.4	1.7	1.7	0.5	1.7	—
Electricity, gas, water and waste services	1.7	3.1	3.0	0.2	3.0	—
Construction	1.3	3.1	2.5	1.2	2.9	—
Wholesale trade	1.6	1.5	2.0	0.8	2.0	—
Retail trade	2.3	2.9	1.9	0.5	2.0	—
Accommodation and food services	2.4	2.5	2.2	0.5	2.2	—
Transport, postal and warehousing	2.0	2.3	2.2	0.6	2.3	—
Information media and telecommunications	1.3	2.7	2.7	0.6	2.7	—
Financial and insurance services	0.6	2.1	2.4	0.7	2.2	—
Rental, hiring and real estate services	2.5	3.2	2.5	1.3	2.9	—

Professional, scientific and technical services	1.0	1.2	1.3	0.9	1.2	—
Administrative and support services	3.2	2.5	3.0	0.4	3.0	—
Public administration and safety	2.5	2.6	1.3	0.1	1.3	—
Education and training	2.5	3.0	1.9	0.2	2.0	—
Health care and social assistance	1.9	2.0	1.3	0.3	1.4	—
Arts and recreation services	4.2	3.3	3.1	1.0	3.6	—
Other services	2.3	1.8	3.2	1.1	3.1	—
All industries	0.6	0.9	0.7	0.2	0.7	—

AVERAGE WEEKLY TOTAL CASH EARNINGS (\$)

Mining	50.10	50.00	55.80	177.40	54.20	40.80
Manufacturing	44.50	28.00	25.50	107.30	26.00	21.90
Electricity, gas, water and waste services	68.70	36.90	64.90	115.50	60.60	32.50
Construction	37.70	87.80	37.20	49.70	29.70	40.10
Wholesale trade	39.80	93.30	30.50	91.90	29.10	27.00
Retail trade	16.60	12.50	24.80	80.10	24.30	16.70
Accommodation and food services	15.30	34.20	34.10	96.30	32.10	15.30
Transport, postal and warehousing	57.90	23.70	35.80	57.50	31.60	19.50
Information media and telecommunications	60.10	49.30	65.90	72.00	62.30	48.50
Financial and insurance services	57.10	26.60	70.70	116.70	63.40	39.50
Rental, hiring and real estate services	32.80	110.50	92.10	74.40	79.00	59.20
Professional, scientific and technical services	39.30	76.50	40.90	63.50	34.80	32.30
Administrative and support services	24.90	64.80	36.40	94.40	34.90	30.00
Public administration and safety	95.00	20.60	75.90	538.10	76.80	25.30
Education and training	49.30	40.50	79.90	85.70	77.00	36.30
Health care and social assistance	21.00	25.00	74.60	429.30	86.30	23.80
Arts and recreation services	24.60	45.90	59.40	133.10	58.30	32.30
Other services	17.60	78.60	29.10	86.80	30.50	21.40
All industries	9.40	15.30	12.60	32.60	11.80	8.80

— nil or rounded to zero (including null cells).

(a) Includes registered and unregistered collective agreements.